IN THE DISTRICT COURT OF I	DEUEL COUNTY, NEBRASKA
STATE OF NEBRASKA, ex rel.	) Case No. Cl 05-29
MICHAEL J. LINDER, Director,	)
NEBRASKA DEPARTMENT OF	)
ENVIRONMENTAL QUALITY,	)
	) AMENDED COMPLAINT
Plaintiff,	)
	)
V.	)
EADMEDS COOREDATIVE OIL CO	)
FARMERS COOPERATIVE OIL CO., A Dissolved Corporation, and	)
FARMERS COOPERATIVE	) }
ASSOCIATION, A Nebraska	)
Corporation,	) )
Ooiporation,	)
Defendants.	)

COMES NOW the Nebraska Department of Environmental Quality

(hereinafter the "Department" or "Plaintiff"), who institutes this action through Jon

C. Bruning, Attorney General, and alleges and states as follows:

- 1. The Plaintiff is, at all times material herein, the agency of the State of Nebraska charged with the duty, pursuant to Neb. Rev. Stat. § 81-15,118 of the Petroleum Products and Hazardous Substances Storage and Handling Act, Neb. Rev. Stat. § 81-15,117 *et seq.* (Reissue 1999, Cum. Supp. 2004), of administering and enforcing the investigation and remediation requirements of the Act and all rules, regulations, and orders promulgated thereunder.
- 2. Pursuant to Neb. Rev. Stat. § 81-15,124 of the Petroleum Products and Hazardous Substances Storage and Handling Act, the Nebraska

  Environmental Quality Council adopted Title 126 Rules and Regulations

  Pertaining to the Management of Wastes (hereinafter "Title 126").

- 3. Title 126, Chapter 18, 001.01 provides: "No person shall release, cause to be released or allow the release of an oil or hazardous substance or residuary products thereof, into, or upon the waters or land of the state, except in quantities, and at times and locations, or under circumstances and conditions as the Department approves."
- 4. "Oil" means oil of any kind or in any form, including, but not limited to, petroleum, fuel oil, oil refuse, and oil mixed with wastes other than dredged spoil. Title 126, Chapter 1, 030.
- 5. Defendant, Farmers Cooperative Oil Co., is a dissolved corporation.
- 6. The Articles of Dissolution were signed on or about November 1, 2002 by Lon Stretesky, Chairman. This document is attached hereto and incorporated herein by reference as Attachment "A."
- 7. The Articles of Dissolution were filed with the office of the Nebraska Secretary of State on May 3, 2005. Attachment A.
- 8. Notice of dissolution of Farmers Cooperative Oil Co. was published in The Chappell Register on May 12, 19, and 26, 2005. Said notice is attached hereto and incorporated herein by reference as Attachment "B."
- 9. Prior to its dissolution, Farmers Cooperative Oil Co. was authorized to do business in the State of Nebraska.
- 10. Neb. Rev. Stat. §21-20,155(2)(e) (Reissue 1997) provides that voluntary dissolution of a corporation "shall not prevent commencement of a proceeding by or against the corporation in its corporate name."

- 11. Farmers Cooperative Oil Co. had knowledge that the NDEQ had a claim against them.
- 12. This claim originated in 1990, at which time Farmers Cooperative
  Oil Co., owned and operated a business located at 301 Pine Street, Big Springs,
  Deuel County, Nebraska (hereinafter the "site").
- 13. As part of the business at the site, Farmers Cooperative Oil Co. dispensed oil from five underground petroleum storage tanks.
- 14. On or about February 28, 1990, the five underground storage tanks were removed from the ground.
- 15. Upon removal of the tanks, a release of oil was observed and detected in the soil and groundwater.
  - 16. Corrosion holes were found in four of the five tanks.
- 17. Oil has been released into or upon the waters and land of the state at the site.
- 18. Notice was provided on or about March 23, 1990 that remedial work was required by the NDEQ at the site. This notice is attached hereto and incorporated herein by reference as Attachment "C."
- 19. Remedial work was started by Farmers Cooperative Oil Co., however, due to a lack of funds in the Petroleum Release Remedial Action Reimbursement Fund, remediation efforts were suspended.
- 20. Notice was provided on April 6, 2005 that the site was reactivated by the NDEQ and remedial efforts were again required. This notice is attached hereto and incorporated herein by reference as Attachment "D."

- 21. Neb. Rev. Stat. §21-20,156 (Reissue 1997) provides the procedure for a dissolved corporation to dispose of known claims against it.
- 22. Written notice of dissolution was provided by attorneys for Farmers Cooperative Oil Co. on or about May 4, 2005, the date notice was received by the NDEQ. This notice is attached hereto and incorporated herein by reference as Attachment "E."
- 23. This notice does not comply with Neb. Rev. Stat. §21-20,156 in resolving the known claim by the NDEQ against Farmers Cooperative Oil Company.
- 24. Despite the non-conformance of notice to the NDEQ by Farmers Cooperative Oil Co. with Neb. Rev. Stat. §21-20,156, this Complaint has been filed within 120 days of written notice that Farmers Cooperative Oil Co. had dissolved.
- Defendant Farmers Oil Cooperative Co. merged with Farmers
   Cooperative Association on or about November 1, 2002. Attachment B.
- 26. This merger included the transfer of assets and liabilities to Farmers Cooperative Association from Farmers Oil Cooperative Co. Attachment B.
- 27. Neb. Rev. Stat. §21-20,133(1)(a) (Reissue 1997) provides that "when a merger takes effect, the surviving corporation shall have all liabilities of each corporation party to the merger."
- 28. Farmers Cooperative Association became the owner of the site effective November 1, 2002. Attachment E.

- 29. Farmers Cooperative Association, upon its merger with Farmers Cooperative Oil Co., assumed liability for the site. Attachment B, Neb. Rev. Stat. §21-20,133(1)(a).
- 30. Neither Farmers Oil Cooperative Co., nor Farmers Cooperative Association (hereinafter collectively "Defendants") have completed remedial action to restore the site to its condition and capacity prior to the release.
  - 31. The oil contamination remains in the ground and is ongoing.
- 32. Defendants are in violation of Title 126, Chapter 18, 001.01 and such violation is continuing.
- 33. Neb. Rev. Stat. § 81-15,126 provides: "The Department of Environmental Quality . . . may apply to the district court of the county where the violation is occurring or about to occur for a restraining order, a temporary or permanent injunction, or a mandatory injunction against any person violating or threatening to violate the Petroleum Products and Hazardous Substances Storage and Handling Act or the rules, regulations, or orders adopted and promulgated under the act."
- 34. Pursuant to Neb. Rev. Stat. § 81-15,126, Plaintiff respectfully requests this Court to enter a mandatory injunction enjoining the Defendants from further violating the Petroleum Products and Hazardous Substances Storage and Handling Act and Title 126, Chapter 18.
- 35. Plaintiff also asks the court for a Order requiring the

  Defendants to investigate and perform remedial action, as set out in Neb. Rev.

  Stat. § 81-15, 124 and Title 126, Chapter 18, including the following:

- (a) Within thirty (30) days, Defendants shall submit to the

  Department for review, a completed Tier 1 Pre-Investigation

  Assessment Work Plan Form for the site. Said Form is

  attached hereto and incorporated herein by reference as

  Attachment "F."
- (b) Within thirty (30) days of receipt of Department approval of the Tier 1 Pre-Investigation Assessment Work Plan Form, Defendants shall submit to the Department a completed Risk Based Corrective Action ("RBCA") Tier 1 Site Investigation Work Plan Form for the site.
- (c) Within sixty (60) days of receipt of Department approval of the RBCA Tier 1 Site Investigation Work Plan Form,

  Defendants shall submit to the Department a completed RBCA Tier 1 Assessment Report for the site, which shall include at a minimum, the information outlined in "Risk Based Corrective Action (RBCA) at Petroleum Release Sites: Tier1/Tier 2 Assessments & Reports," (February 2004).
- (d) Any failure by the Defendants to carry out paragraphs A, B, and C, above, may result in the Department undertaking remedial action. The Defendants shall provide access to the Department to any area needed for investigation and/or remedial action. Any funds expended by the Department for

investigation and/or remedial action are the Defendants' responsibility and shall be recovered by the Department, including court costs and attorney's fees.

#### WHEREFORE, the Plaintiff prays that

- (1) Judgment be entered in favor of the Plaintiff and against the Defendants in the form of a mandatory injunction, as authorized by Neb. Rev. Stat. § 81-15,126;
- (2) Defendants be ordered to investigate and perform remedial action pursuant to Neb. Rev. Stat. §81-15,124 and Title 126, Chapter 18;
- (3) All costs of this action be taxed to the Defendants; and
- (4) Any other relief as this Court deems just and proper.

STATE OF NEBRASKA, ex rel., MICHAEL J. LINDER, Director NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY, Plaintiff,

By JON C. BRUNING, #20351 Attorney General

Natalee J. Hart, #22716

Assistant Attorney General 2115 State Capitol Building

P.O. Box 98920

Lincoln, Nebraska 68509-8920

(402) 471-2682

Attorneys for Plaintiff.



# ARTICLES OF DISSOLUTION OF FARMERS COOPERATIVE OIL COMPANY Big Springs, Nebraska

The undersigned, President of FARMERS COOPERATIVE
OIL COMPANY, Big Springs, Nebraska, a Nebraska
cooperative corporation, hereby evidences the
dissolution of the Cooperative and states:

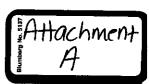
- 1. The name of the Cooperative is FARMERS COOPERATIVE OIL COMPANY.
- 2. The stockholders authorized the dissolution of the Cooperative on August 15, 2002.
- 3. The number of votes entitled to be cast on the proposal was 62; 48 undisputed votes were cast for dissolution, representing more than a two-thirds majority of a quorum and therefore sufficient for approval.

Dated as of November 1, 2002.

FARMERS COOPERATIVE OIL COMPANY, Big Springs, Nebraska

Lon Stre

Chairman



## Page 1

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FARMERS COOPERATIVE OIL COMPAN Filed: 06/81/2005 09:11 AN	OF PUBLICATION
STATE OF NEBRASKA ) COUNTY OF DEUEL ) SS.	Amount \$ 38 40
Nebraska; and further certify that the	Date Paid
David A	
on the	tay of May 2005
and the last publication being on the	2006 day of
SUBSCRIBED in my presence and swon	
GENERAL NOTARY - Size of Nabrasia CAMEY K. WIEGAND My Contin. Exp. April 28, 2008	Camus K. W. Lyand

OF TAXMERS
COOPERATIVE OF COMPANY

Big Springs, Nebraska Notice is hereby given that Articles of Dissolution were filed on May 3, 2005 by Parm. ers Cooperative Oil Company, Big Springs, Nebraska, a cooperative corporation organized under the laws of the State of Nebraska. Lon Stretesky, Chairman, is the person designated to wind up and liquidate the business and affairs of the Cooperative. The Cooperative transferred its assets and identified liabilities on November 1, 2002, pursuant to an Agreement for Merger of Business Activities entered into with Farmers Cooperative Association, Brule, Nebraska. PARMERS COOPERATIVE

OIL COMPANY

Big Springs, Nebraska

By: William R. Kutilek, Attorney

Pub: May 12, 19, 26, 2005

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APPROVAL:	* ***	and the second s	i marije je meni ili je sije je meni ili je se me Distrika		"" 2 3 199 <sub>0</sub>
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#### CERTIFIED

Mr. John Sunguist Farmers Cooperative 011 Company P.O. Box 437 Big Springs, NE 69122

Underground Storage Tank Release Coop-Farmers, Facility ID #AP1370 Pine & Railroad Street UG #03200-KAN-0800

Dear Mr. Sunguist:

On February 27 and 28, 1990, Neil Wheeler of NDEC was on-site during the removal of five underground storage tanks from the above referenced facility. Four of the tanks had corrosion holes. condition of the lines was not reported by Mr. Wheeler. Headspace analysis of a water sample indicated that ground water was contaminated (100 HNU units). The purpose of this letter is to inform the Farmers Cooperative 0:17 Company, as the owner of the tank system, of its responsibilities in accordance with Neb.Rev.Stat. §81-15,124 (Supp. 1989) for securing the release, identifying the affected environment, and the completion of any remedial action required by this Department.

To comply with these requirements a Step 7 detailed site assessment must be performed in accordance with Department of Environmental Control Title 118 - Ground Water Quality Standards and Use Classification (enclosure #1), Appendix A. Therefore, the following must be performed:

- 1. On or before April 13, 1990, you are to submit to this office for our review a work plan for the site assessment. Information to be included in the work plan is outlined in the Requirements for Pre-investigation Horkplans (enclosure #2). Field work is not to commence until this Department has approved the work plan. Once we have reviewed the work plan, the compliance date for submittal of the assessment report will be established. A list of potential environmental consultants has been enclosed (enclosure #3). The list is not to be considered all-inclusive nor is it an endorsement of those names that are listed.
- The Step 7 site assessment is to provide no less than the information outlined in our Minimum Requirements for Site Investigations and Remedial Actions (enclosure #4).



- 3. If free product is detected during the investigation then immediately telephone the Project Manager for further instructions.
  - 4. If, during the remedial investigation, public safety threats are identified as a result of this spill, the State Fire Marshal (402/471-2027) and our office must be notified and immediate action taken to eliminate the problem.

You may be eligible for reimbursement for remedial action in accordance with Title 200 - Rules and Regulations for Petroleum Release Remedial Action Reimbursement Fund (enclosure #5). A summary of Title 200 and Instructions for Application for Reimbursement from the Petroleum Release Remedial Action Cash Fund have also been enclosed for your convenience (enclosures #6 and #7).

Please include the facility name and file number as referenced at the top of page 1 of this letter in any correspondence to this office from yourself or your consultant.

Should you have any questions or require further assistance, do not hesitate to contact the Project Manager, Kirk Morrow, at 402/471-4230.

Sincerely,

David Chambers, Section Supervisor Ground Water Section Water Quality Division

DC/dph Enclosures

cc: Jon Gross (SFMO)

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SENDER: Complete items 1 and 2 when additional services are de 3 and 4.	Put your address in the "RETURN TO" Space on the reverse side. Failure to duis will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.	1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)	3. Article Addressed to UG #03200-KAM-0800	Mr. Jon Sunquist	Farmers Cooperative Oil Company P.O. Box 437	Big Springs, NE 69122		5. Signature — Addressee	6. Signature - Agent	Z Date of Delivery	PS Form 3811, Apr. 1989 +US.G.PO. 1989-236-815

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# STATE OF NEBRASKA



Mike Johanns

APR - 6 2005

DEPARTMENT OF ENVIRONMENTAL QUALITY
Michael J. Linder
Director
Suite 400, The Atrium
1200 'N' Street
P.O. Box 98922
Lincoln, Nebraska 68509-8922

FILE COPY

Phone (402) 471-2186 FAX (402) 471-2909

#### CERTIFIED - RETURN RECEIPT REQUESTED

Mr. Tim Jimenez
Farmers Coop Oil Company
P.O. Box 127,
Brule NE 69127

RE: Notice of Release Incident File Reactivation Farmers Coop Oil Station, Big Springs, Nebraska UG # 03200-KAM-0800 IIS # 56626

Dear Mr. Jimenez:

As you may recall, I contacted you on March 16, 2005 to discuss our file concerning the above referenced facility. Work at this site has been suspended for several years and the Department has recently reactivated it. In 1990, seven test holes were drilled, monitoring wells installed and samples collected. It was at this time that remedial activities for the above-referenced release were suspended until sufficient reimbursement resources were available. Such resources are now available, and the Department is activating the file. The purpose of this letter is to inform Farmers Coop Oil Company, as the owner of the tank system, of your responsibilities in accordance with Neb. Rev. Stat. § 81-15, 124 (Cum. Supp. 1998) for identifying the affected environment and the completion of any remedial actions required by the Department.

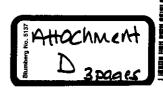
#### Overview of the petroleum release remedial action process

All future work required as it pertains to the petroleum release remedial action process is to follow the Department's Risk-Based Corrective Action (RBCA) at Petroleum Release Sites: Tier 1/Tier 2 Assessments & Reports (February 2004) environmental guidance document, in accordance with Department of Environmental Quality Title 118 - Ground Water Quality Standards and Use Classification, Appendix B. The Department will evaluate the results of work required below to determine the next appropriate action.

#### Requirements

Review of the file indicates that the above referenced site was in a monitoring phase when suspended. The initial requirement is to determine current site needs. In order to proceed, the Department requires the following (all are to be provided on a map or maps):

- 1. A land use assessment around of the release site.
- 2. Location and distance of water supply wells (Section 4.4.3 of the above referenced guidance document).
- 3. Location of permanent surface water bodies within 1000 feet of the source area.
- 4. Subsurface utilities located within 200 feet of the source area.
- 5. Locate buildings and basements within 200 feet of the source area.



Survey all monitoring wells to determine if they need to be repaired or replaced and submit a cost
estimate with the information required above for any actions needed to bring the monitoring wells
into compliance.

Prior to starting the above requested activities, please submit to this office a detailed cost estimate on or before May 9, 2005. You must receive written notification from the Department before any fieldwork can commence.

Any requests for compliance date extensions should be submitted in writing to the Department at least 14 days prior to the scheduled compliance date. Compliance date extensions will be granted only in special circumstances. Compliance dates, for any other remedial actions will be established as necessary by the Department. You will be notified in writing of any additional requirements.

#### Reimbursement of eligible expenses

After your deductible has been met, you may be eligible for reimbursement for a portion of your remedial action costs in accordance with Title 200 - Rules and Regulations for Petroleum Release Remedial Action Reimbursement Fund. For more information about reimbursement or current status concerning your deductible and copay, contact the Title 200 staff at (402) 471-2186.

#### Additional information

For your convenience, a list of environmental consultants has been enclosed. Individual consultants who have attended the Department's meetings explaining current site investigation procedures are indicated. The list is not to be considered all-inclusive nor is it an endorsement of those firms that are listed. Additional information or documents may be obtained by contacting me.

Thank you for your cooperation in this matter. If you have any questions or comments, please contact me at (402) 471-4373. Please include the facility name and file number as referenced at the top of this letter in any correspondence to this office from yourself or your consultant.

Sincerely,

George Joyce, Geologist

Petroleum Remediation Section

Water Quality Division

Enclosures

Consulting Firm List

LAW OFFICES

## CROSBY GUENZEL LLP

FEDERAL TRUST BUILDING  $134 \text{ South } 13^{\text{th}} \text{ Street, Suite } 400$ LINCOLN, NEBRASKA 68508 TELEPHONE: (402) 434-7300 FACSIMILE: (402) 434-7303

WRITER'S E-MAIL: WRK@CROSBYLAWFIRM.COM

WILLIAM D. KUESTER STEVEN G. SEGLIN ROCKY C. WEBER DAVID A. JARECKE WILLIAM R. KUTILEK RICHARD L. RICE THOMAS E. JEFFERS JEFFREY A. GAERTIG

ROBERT C. GUENZEL (RETIRED) THEODORE L. KESSNER (RETIRED)

ROBERT B. CROSBY (1911-2000) THOMAS R. PANSING (1917-1973) DONN E. DAVIS (1929-1998)

May 3, 2005

#### VIA HAND DELIVERY

George Joyce Nebraska Department of Environmental Quality 400 The Atrium 1200 N Street Lincoln, NE 68508

Re:

Notice of Release Incident File Reactivation; Farmers Cooperative Oil Company, Big

Springs, Nebraska WUG No. 03200-KAN-0800

IIS No. 56626

Dear Mr. Joyce:

Representatives of Farmers Cooperative Association, Big Springs, Nebraska, forwarded a copy of your correspondence dated April 6, 2005, with regard to the reactivation of a remediation site previously owned by Farmers Cooperative Oil Company.

It is my understanding that the site was under active remedation efforts in the early 1990s, which were discontinued due to Title 200 funding shortfalls. Effective November 1, 2002, Farmers Cooperative Association became the owner of the site pursuant to an agreement with Farmers Cooperative Oil Company. Farmers Cooperative Association has not operated the contaminating facilities and, upon information and belief, has in no way contributed to any contamination on the site.

While Farmers Cooperative Oil Company appears to be an active corporation pursuant to the records of the Nebraska Secretary of State, it is my understanding that the company has had no significant operations since the effective date of the agreement with Farmers Cooperative Association on November 1, 2002. Accordingly, Articles of Dissolution of Farmers Cooperative Oil Company have been filed with the Nebraska Secretary of State. A copy of the file-stamped Articles are enclosed for your review.



May 3, 2005 Page 2

Based upon the foregoing, I would respectfully request that you review the determination that Farmers Cooperative Association is a responsible party for purposes of the remediation efforts for the above-referenced site. In addition, while this determination is being reviewed, I would ask that the deadline to submit a cost estimate for repairing or replacing the monitoring wells be extended from its current deadline of May 9, 2005.

I appreciate your cooperation with regard to this matter. If you have any questions or if I can provide you with further information, please advise.

Sincerely,

CROSBY GUENZEL LLP

By

William R. Kutilek

WRK:rrk

Enclosure

cc:

Tim Jimenez (Farmers Cooperative Association)
Lon Stretesky (Farmers Cooperative Oil Company)



# Nebraska Department of Environmental Quality LUST/RA Section

## Tier 1 Pre-Investigation Assessment Work Plan Form

The Department has developed this document to simplify the petroleum release site investigation work plan review process. The completed form must be signed and dated by representatives of both the responsible party and the consulting firm selected to perform the work.

The LUST program requires that a pre-investigation assessment, including a site visit, be conducted prior to conducting a Tier 1 site investigation in accordance with the Department's environmental guidance document, Risk-Based Corrective Action (RBCA) at Petroleum Release Sites: Tier1/Tier2 Assessments and Reports (February 2004), Section 3. The purposes of this assessment include, but are not limited to:

- 1. Conduct an on-site reconnaissance to determine potential source areas and potential complications for sampling the source areas;
- 2. Locate any water supply wells and surface water bodies within 500 feet of the site;
- 3. Locate utilities, buildings, and basements within 200 feet of the site as an aid in determining potential site complications;
- 4. Determine the appropriate sampling and/or drilling locations to obtain the required Tier 1 information;
- 5. Prepare a site diagram (to scale) showing the potential source area(s), selected sampling and/or drilling locations, and on-site water supply wells, basements, and utilities;
- 6. Prepare a proposed cost estimate for the planned site investigation; and
- 7. Prepare a separate, per-well cost estimate for additional monitoring wells to be installed if free product is encountered.

Estimated total cost for conducting the pre-invest ou must receive written notification from the Department	·	essment may begi
	er's Cooperative Oil Co. er: UG # 03200-KAM-0800	
Responsible party signature	Responsible party (printed)	date
Consultant company name		
Consultant mailing address or PO Box	Consultant signature	
Consultant city, state, and ZIP code	Consultant name (printed)	date

The completed form should be mailed to George Joyce, NDEQ Petroleum Remediation Section, Box 98922, Lincoln, NE 68509-8922 within thirty (30) days of receipt of this Order. The form may also be faxed to (402) 471-2909, with the signed original following by mail.

